

CHAARAT

Investor Briefing Materials

November 2018



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Chaarat: Who We Are

- ✓ **Central Asia / FSU focused gold producer**
- ✓ **One producing mine generating EBITDA over US\$25 million per annum**
- ✓ **Two high quality development assets**
- ✓ **Asset base across two jurisdictions**
- ✓ **2019E production of 65koz Au Eq**
- ✓ **Reserves: 1.0 mmoz Au Eq
Resources: 9.1 mmoz Au Eq**
- ✓ **Significant organic growth potential**
 - Near-term: Tulkubash development and ongoing exploration
 - Medium-term: Kapan LOM extensions
 - Longer-term: Kyzyltash development
- ✓ **Substantial pipeline of bolt-on and transformational M&A opportunities**

PRODUCTION



KAPAN	
Commodities	Au, Ag, Cu, Zn
Stage	Producing
LOM Avg. Production	65koz Au Eq
LOM Avg. EBITDA	US\$25 mm
Reserves ^(2,3)	561 koz Au Eq
Resources ^(2,3)	1,644 koz Au Eq

CONSTRUCTION / DEVELOPMENT



TULKUBASH	
Commodities	Au
Stage	In construction
LOM Avg. Production	95 koz
LOM Avg. EBITDA ⁽¹⁾	US\$45 mm
Reserves ⁽²⁾	470 koz
Resources ⁽²⁾	1,505 koz

KYZYLTASH	
Commodities	Au
Stage	Development
LOM Avg. Production	200 – 300 koz
Reserves ⁽²⁾	--
Resources ⁽²⁾	5,377 koz

1. Tulkubash EBITDA approximated using US\$1,250/oz gold price, US\$726/oz C1 Cash Cost and 95koz p.a. gold production. Gold production and C1 Cash Costs as per the April 2018 Tulkubash Feasibility Study.
 2. Resources are shown inclusive of reserves.
 3. Gold Equivalent calculated based on street consensus pricing: US\$1,300/oz Au, US\$18.00/oz Ag, US\$3.00/lb Cu and US\$1.10/lb Zn.

Strong Management Team Complemented by a Hands-on Board

Senior Management



Martin Andersson, Executive Chairman

Appointed October 2016

- Extensive business experience across the CIS region
- Company's largest shareholder and since becoming Chairman, has reset the strategy under a new management team



Artem Volynets – CEO

Appointed March 2018

- An experienced mining industry investor and manager with transactions record worth more than US\$30bn
- Over 20 years' experience in M&A, capital markets, and senior corporate management roles



Chris Eger – CFO

Appointed July 2018

- Extensive financial, M&A and commercial expertise related to the Metals & Mining sector gained over a 20-year career in investment banking, metals trading and private equity
- Previously CFO of Nyrstar NV



Robert Benbow – COO

Appointed July 2017

- + 40 years' experience developing green field projects
- Responsible for development of Alacer's Çöpler heap leach project in Turkey



Dorian (Dusty) Nicol – Technical Director - Head of Exploration

Appointed November 2017

- Leads exploration strategy deployment across Chaarat's asset portfolio



Dmitry Yudin – Head of Strategy & Business Development

Appointed July 2018

- Over 25 years of strategy, M&A, investment banking and capital markets experience in metals, mining & energy
- Successful track record of high-profile public and private market transactions

Hands-on Board



Martin Wiwen-Nilsson – Non-Executive Director

Appointed October 2016

- A former Partner of Goldman Sachs managing the emerging markets and global commodities businesses



Richard Rae – Senior Non-Executive Director

Appointed December 2013

- An experienced city professional and Chartered Accountant
- Extensive understanding of the equity markets



Gordon Wylie – Non-Executive Director

Appointed November 2017

- Over 41 years' experience in the global mining industry with experience in growing companies from exploration to production



Robert Edwards – Non-Executive Director

Appointed September 2018

- 27 years of experience in the global natural resource industry primarily focused on frontier and emerging markets
- Former chairman of Global Mining at Renaissance Capital, and previously with HSBC and Royal Bank of Canada

Kyrgyz Republic In-Country Team



Peter Carter – Operations Manager

Appointed February 2018

- 30+ years' experience in open pit engineering, mine management
- Project development includes leadership roles in the construction and operation of the Kumtor and Boroo mines in the Kyrgyz Republic



Davron Vakhobov – Project Manager

- Long term experience in project development
- Experience in original mine construction at the Çöpler mine and subsequent plant and heap leach expansion projects



Alex Novak – Government relations, Bishkek Office

- More than 25 years' experience in all aspects of business in Russia and the CIS region
- Assisted companies investing in the Kyrgyz Republic since 2000

Corporate Update

ACQUISITION OF KAPAN

- On 30 October, Chaarat announced that it had entered into a binding conditional sale and purchase agreement (SPA) with Polymetal to acquire the operating Kapan project for total consideration of US\$55 mm (US\$50 mm cash and US\$5 mm of convertible notes)
- The acquisition represents a significant milestone in the ongoing delivery of Chaarat's Central Asia / FSU consolidation strategy and will transform the Company from a developer into a producer
- The transaction remains conditional on (among other things) the receipt of relevant shareholder / regulatory approvals and the receipt of financing in relation to the acquisition, such conditions which are to be satisfied no later than 15 February 2019

TULKUBASH DEVELOPMENTS

- The positive resource upgrade, as per the announcement dated 4th of September 2018, has lead to significant progress bringing forward the potential US\$100 mm project debt financing which is expected to reduce the upfront equity requirement to bring Tulkubash to commercial production
 - Construction already underway with early earthworks having commenced
 - Post 10,500m of drilling the total resource has increased by 46% (from 1.1Moz to 1.5Moz) while grade went up by 57% (from 0.91g/t to 1.35g/t). Drilling has continued since, with a target to drill 25-30,000m in total by the end of 2018.
 - The resource expansion and grade increase, are expected to add material value to the Tulkubash deposit
- Tulkubash project development timeline:
 - Updated reserve report due to be published in early November 2018
 - Updated Feasibility Study in early 2019
 - Project Finance expected to be agreed early 2019
 - Targeted commercial production 2020

FUNDING ACTIVITY

- As announced on 16 October, given the reduction in acquisition cost of Kapan (negotiated from US\$75 mm to US\$50 mm), and the positive financing developments for Tulkubash, Chaarat's management has reduced the fundraise from US\$100 mm to US\$50 mm
 - Use of proceeds from the convertible for the acquisition of Kapan has reduced from US\$20 mm to US\$5 mm
 - Reduction in Tulkubash funding requirement from US\$40 mm to US\$25 mm due to advancement of the Project Finance discussion to bring forward financing commitment
 - Reduction of ~US\$20 mm of general corporate purposes and reserves to minimize shareholder dilution
- **Chaarat has closed lead orders of US\$17.6 mm or 35.2% of the US\$50 mm (only existing debt matures in three years)**
- **Polymetal will be participating with US\$5 mm in Convertible Notes**
- **As announced on 15 November, Chaarat has secured a US\$10 mm loan with a previous note holder repayable after six or nine months, at the Company's election, the funds from which will be applied toward the acquisition of Kapan and the ongoing development of Tulkubash**

Financing Update

CONVERTIBLE NOTE PROCESS

- Company has advanced the project finance process for both the acquisition of Kapan and Tulkubash
- Positive investor feedback taken onboard, and the PIK coupon was changed to a cash coupon for the convertible notes
- Following the finalisation of the acquisition terms for Kapan and associated reduction in capital requirement, target reduced from US\$100 mm to US\$50 mm
- **Lead orders commitment from Management and existing convert holders of US\$17.6 mm or 35.2% of the overall financing**
- **Polymetal to participate for US\$5 mm in convertible**

EXISTING INVESTORS' COMMITMENTS

- **Chaarat announced on the 13th of September that it had completed the first stage of the financing with lead orders of US\$17.6 mm from new and existing convertible bondholders**
- Management has subscribed for approximately US\$2 mm
- Other subscribers for approximately US\$15.6 mm include 16 investors (outside the management team)
- These investors represent a group of highly experienced investors, with significant global financing and industry experience, including:
 - Founders, owners and senior managers of Operating companies, Financial institutions, Private equity firms, Global Trading companies, and Hedge Funds

FINANCING DETAILS

Quantum	<ul style="list-style-type: none"> • Commitments for up to US\$50 mm; including lead orders from management and existing holders of US\$ 17.6 mm
Structure	<ul style="list-style-type: none"> • Secured convertible note • £0.37 / share subscription / conversion price
Coupon	<ul style="list-style-type: none"> • Interest shall accrue at the rate of 10% per year (6% cash payable semi annually, 4% PIK) and increase to 12% per year (6% cash payable semi annually, 6% PIK) for the last 18 months • PIK interest is payable in a single amount on the final repayment date provided that no conversion of the Note into ordinary shares has occurred
Use of Proceeds	<ul style="list-style-type: none"> • Acquisition of Kapan: ~US\$5 mm⁽¹⁾ • Tulkubash development: ~US\$25 mm • General corporate purposes, and reserves: ~US\$6 mm • Refinance of existing 2018 and 2019 bonds: ~US\$14 mm
SPA	<ul style="list-style-type: none"> • Binding conditional SPA signed in October 2018 • Conditions to be satisfied by 15 February 2019
Listing	<ul style="list-style-type: none"> • Post-closing, the Issuer will apply for a listing of the Notes on the Frankfurt Open Market (Freiverkehr). • The Issuer's ordinary shares are listed on AIM and shares issued on Note conversion will also be AIM listed

1. Inclusive of assumed acquisition costs (3%).

Chaarat: Our Strategy

Our Vision

To build the leading emerging markets gold company with an initial focus on Central Asia and FSU through organic growth and selective M&A

Quantifying Our Vision

- + 1 Moz annual production within five years
- 15 – 20 Moz resource base
- Target high margin ounces to drive strong EBITDA and cash flow
- Diversified operations (multi-asset, multi-jurisdiction) to minimise risk

How We Aim to Achieve Our Vision

- Leveraging the significant experience and expertise of the management team and board
- Organic growth through ambitious and value enhancing exploration programme
- Shareholder accretive transformational M&A combined with add-on acquisitions
- Full alignment of management incentives to shareholder value creation via restricted stock and option program
- Inclusive growth through strict ESG discipline
- Institutional approach to capital markets and well diversified financing platform

Progress to Date

- ✓ M&A strategy is well advanced with the first acquisition (Kapan) announced on 30 October 2018
- ✓ Two robust standalone projects (Tulkubash and Kyzyltash) with significant growth potential
- ✓ 2018/19 exploration has commenced and already delivered a 46% increase in M&I resource and 57% increase in M&I grade

Assets

Kapan Transaction Rationale

TRANSACTION RATIONALE

- ✓ **Accelerates Chaarat's transformation from a developer to a producer, providing a catalyst for a potential re-rating**
- ✓ **Transforms Chaarat into a cash flow generating company with a significant growth profile**
- ✓ **Strengthens the Company's portfolio of assets**
 - Geographical and commodity diversification
 - 2019E production of ~65 koz Au Eq
 - ~32% increase in Resources to 9.1 mmoz Au Eq
 - ~120% increase in Reserves to 1.0 mmoz Au Eq
- ✓ **Significantly improves the Company's financial strength for the development of Tulkubash and Kyzyltash**
- ✓ **Advances Chaarat's ability to implement further M&A**
- ✓ **Highly attractive transaction metrics**
 - Implied P / NPV of 0.53x⁽³⁾
 - Implied 2.2x EV / LOM EBITDA⁽³⁾

KEY PROFORMA METRICS



1. Tulkubash EBITDA approximated using US\$1,250/oz gold price, US\$726/oz C1 Cash Cost and 95koz p.a. gold production. Gold production and C1 Cash Costs as per the April 2018 Tulkubash Feasibility Study.

2. Gold Equivalent calculated based on street consensus pricing: US\$1,300/oz Au, US\$18.00/oz Ag, US\$3.00/lb Cu and US\$1.10/lb Zn.

3. Based on Chaarat management's analysis.

Kapan Overview

ASSET BACKGROUND

- Located in the Republic of Armenia
- Gold, Copper, Zinc, and Silver underground mine with a 900 ktpa flotation circuit
- Production commenced in 2003
- Current reserve life extends to 2023 however resource conversion and further exploration success is likely to extend the mine life
 - The Company's internal modelling assumes production will continue until 2029
- In 2017, the mine produced c.50 koz Au Eq. generating more than US\$20 mm EBITDA and had gross assets of US\$96 mm⁽²⁾
- Production guidance for 2019 of 65koz Au Eq.

INDICATIVE KEY PROJECT METRICS⁽¹⁾

Metric	Unit	Amount
Average LOM Production - Gold p.a.	(koz Au)	30
Average LOM Production - Copper p.a.	(kt Cu)	2.0
Average LOM Production - Silver p.a.	(koz Ag)	600
Average LOM Production - Zinc p.a.	(kt Zn)	6.5
Average LOM Production - Gold Eq. p.a.	(koz Au Eq)	65
Projected Asset Life	(years)	6
Average LOM Annual EBITDA	(US\$ mm)	\$25
Average LOM AISC	(US\$/oz)	\$950
NPV (at 10% for reserves only)	(US\$ mm)	\$103

LOCATION



1. Based on the Chaarat management base case scenario using US\$1,250/oz gold, US\$15/oz silver, US\$6,500/t copper and US\$2,500/t zinc prices, 10% discount rate and JORC reserve-only LOM through 2023

2. Based on the Seller's standalone unaudited IFRS accounts

Kapan Overview (cont.)

FUTURE POTENTIAL

- Polymetal has made significant investment into the mine in recent years (approximately US\$35 mm), with throughput increased from mechanised mine operations and increased mill capacity
- Increased throughput capacity provides operating cost efficiencies and the historical high ratio of resource to reserve conversion is expected to continue
- Applying conservative resource to reserve conversion ratios based on historical ratios achieved, the asset is anticipated to deliver an additional 6 years of mine life from current resources
- Identified resources within the Mine footprint are anticipated to be converted into reserves without extensive underground development
- In addition, there are multiple walk-up targets and favourable structures / identified mineralization within hundreds of metres of existing workings

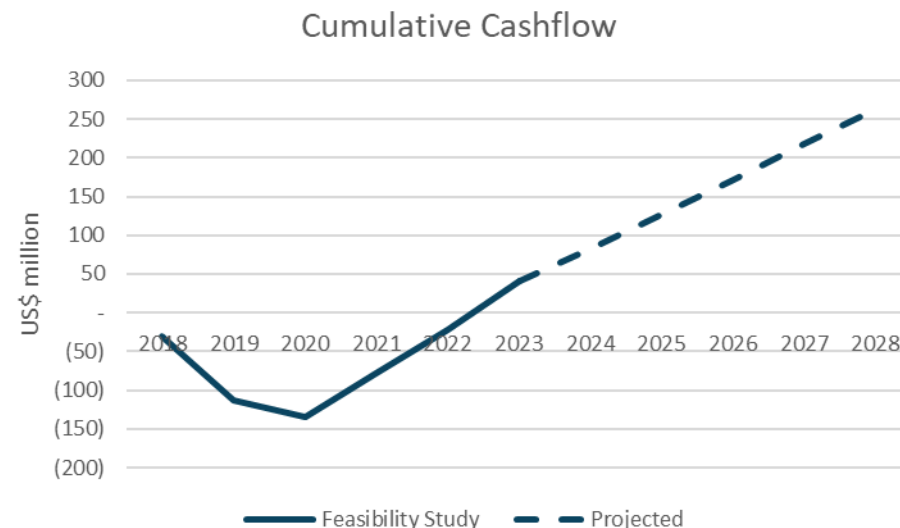
RESERVES & RESOURCES⁽¹⁾

	Tonnes (Mt)	Grade				Contained Metal			
		Au (g/t)	Cu (%)	Ag (g/t)	Zn (%)	Au (koz)	Cu (kt)	Ag (koz)	Zn (kt)
Reserves									
Proved	0.2	2.9	0.5%	42.0	2.5	20	1	289	5
Probable	3.9	2.1	0.4%	40.0	1.6	254	16	4,905	62
Total	4.1	2.1	0.4%	40.0	1.7	274	17	5,194	68
Resources									
Measured	0.0	5.2	1.0%	74.0	4.1	3	--	38	1
Indicated	0.3	2.9	0.7%	57.0	2.4	30	2	588	8
Inferred	8.0	2.9	0.7%	62.0	2.3	739	53	16,012	183
Total	8.4	2.9	0.7%	62.0	2.3	771	56	16,638	191

1. Mineral Resources and Mineral Reserves were estimated at 2.5 g/t AuEq cut-off grade. Resources are shown inclusive of reserves. Discrepancies in the calculations are due to rounding. Source: Report on Mineral Resource and Ore Reserve Estimation at the Shaumyan Gold-Polymetallic Deposit as of 01.01.2018, written by JSC Polymetal Engineering

Tulkubash: Near Term Development

- Initial development focused on oxide heap leach plant for Tulkubash ore
- Feasibility study completed April 2018 with initial 0.5Moz reserve comprising 16Mt at 0.91g/t Au and 1.13g/t Ag
- Tulkubash Reserves / Mine Plan / Financial Model are being updated based on updated resource estimate – significant improvements are expected
- Management targeting to more than double the resource base prior to first gold pour in 2020 following extensive exploration in 2018 and 2019
- Construction of site infrastructure and detailed engineering underway to accelerate fast track development
- Site development expected to commence Q3 2018 subject to financing arrangements

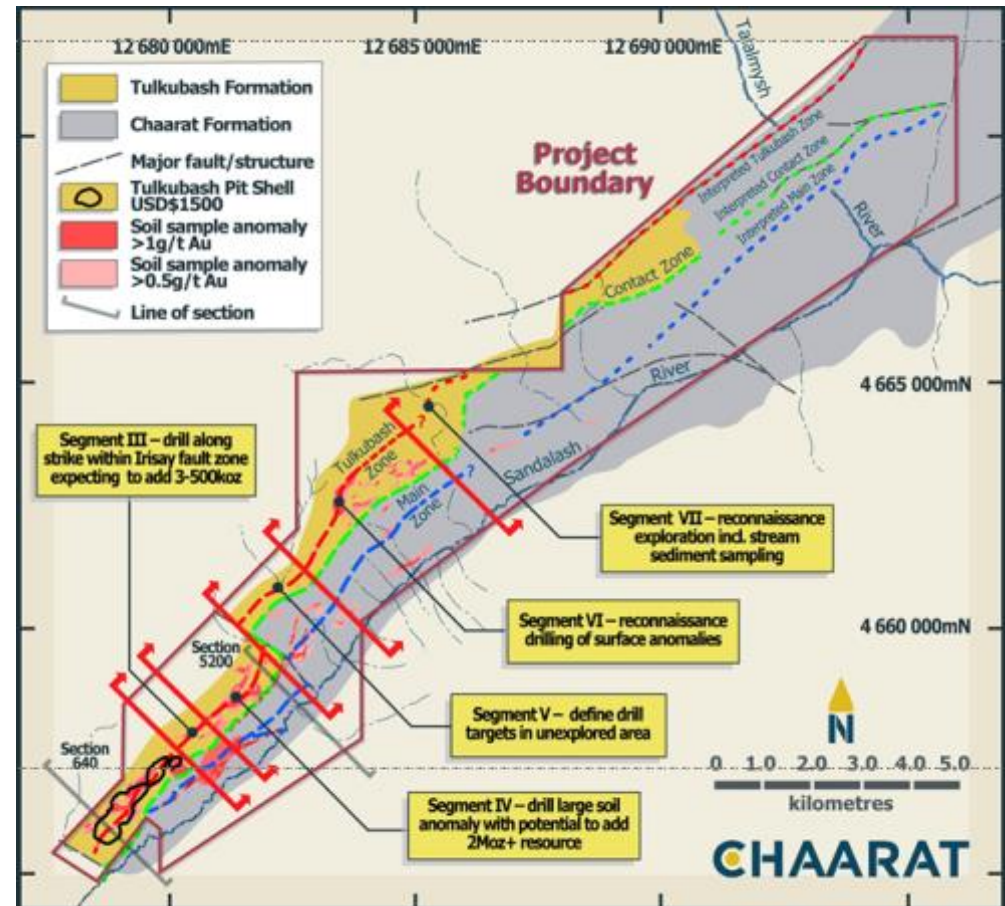


April 2018 Feasibility Study Highlights

Average Annual Gold Production	95,200oz
Post-tax Free Cash Flow (steady-state)	US\$58.6 mm
Cash Operating Cost	US\$726/oz
All-in Sustaining Cost	US\$831/oz
Initial Capital Expenditure	US\$132 mm
Payback Period	3.2 years
Recovery	76.5%

Tulkubash: Substantial Exploration Upside

- Long term District-scale potential to be defined by aggressive along strike exploration campaign
- Majority of the 24km strike is unexplored with the current resources sitting on ~3km of strike
- Up to 30,000m drilling targeted per year during 2018/19, 15,000m to 20,000m per year thereafter
 - 10,525 m of drilling already complete, delivering a 46% increase in M&I resources and a 57% increase in M&I grade
- Targeting additional along strike mineralisation focusing on maximising resource to reserve conversion
- Develop exploration targets in underexplored parts of the licence area covering >12km of strike, demonstrating District-scale potential



September 2018 Tulkubash Interim Resource Update

- Updated model geology-based, reflects current understanding of deposit
- Robust M&I Resource demonstrates continuity between high-grade lodes
- 57% increase in overall grade from 0.86 g/t Au to 1.35 g/t Au
- Mineralisation remains open along strike and resource is expected to continue growing with ongoing drilling programme

Total Resources as at 28-Aug-2018

Classification	Tonnes (kt)	Grade (g/t Au)	Gold (koz Au)
Measured	4,644	1.44	214
Indicated	28,010	1.33	1,199
Total Measured & Indicated	32,654	1.35	1,414
Inferred	4,600	0.62	91

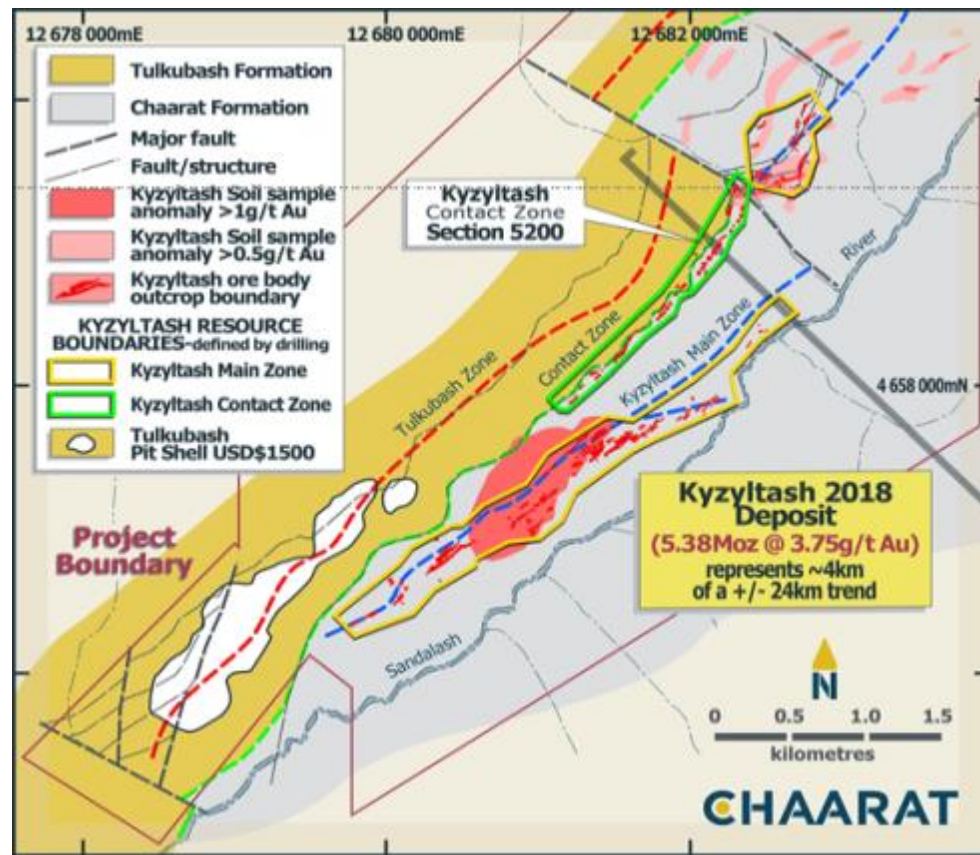
Resources Added from Increase in Strike Length

Classification	Tonnes (kt)	Grade (g/t Au)	Gold (koz Au)
Indicated	10,128	1.36	442
Inferred	1,991	0.59	37

Increase in strike length added 10mt and 442koz Au to Indicated resources

Kyzyltash: Long Term Potential

- Organic growth through development of large, high grade Kyzyltash ore-body
 - Represents the longer term development potential
- Over 80,000m of historical drilling to date
- Large and high grade resource
 - 5,377koz: 46.1Mt at 3.75g/t Au suitable for underground mining
 - Substantial exploration potential along strike and down dip



Resources	Quantity (kt)	Grade (g/t Au)	Content (koz Au)
Kyzyltash Main & Contact Zones			
Measured and Indicated	39,516	3.70	4,545
Inferred	6,611	4.05	832
Underground Refractory Total	46,127	3.75	5,377

M&A OPPORTUNITIES

Value Creation through Disciplined Approach to M&A

Criteria

- Gold Producing or Near Production at Competitive Cash Cost
- Attractive size, scale and valuation
- Upside Potential
 - Exploration delivering LOM extensions
 - Operational efficiencies/optimisation
 - Cost of capital
- Geographic / Operational Synergies
- Chaarat's management expertise and experience a lever for value creation
- Alignment of management's incentives to ensure sustainable long-term value creation

Chaarat Team Capabilities

- Operational excellence and proven track record of success
- Significant knowledge, expertise and experience in the region
- Successful exploration track record
- Successful M&A track record
- Access to institutional capital markets (public and private markets)
- ESG core to our culture, strategy and execution

Deal Pipeline Prioritisation

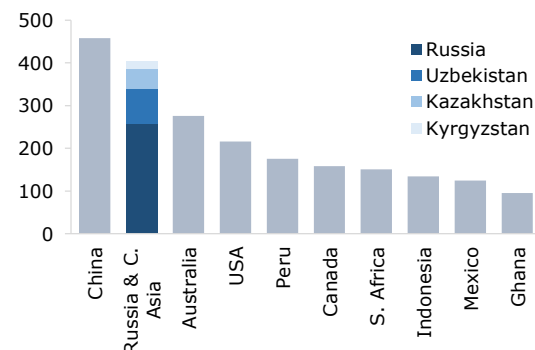
- Significant access to owners and management teams combined with research and knowledge of operating mines in the region allowing for effective business selection and processes
- Ten opportunities under consideration in addition to Kapan

Clear roadmap to increased shareholder value

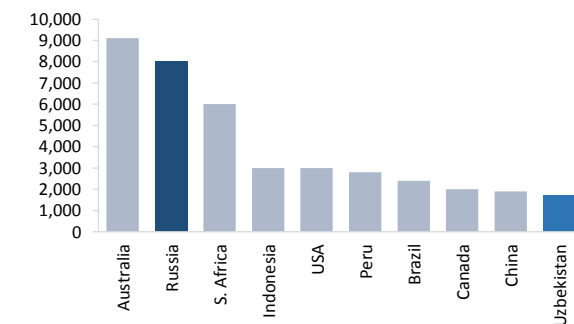
Central Asian / FSU Gold Sector – Ripe for Consolidation

- Central Asia and the FSU region have all the prerequisites for global gold mining industry leadership given its extensive resource base and production potential

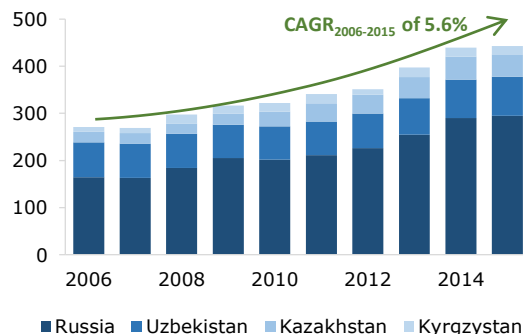
Gold mine production by country (2015, tonnes)



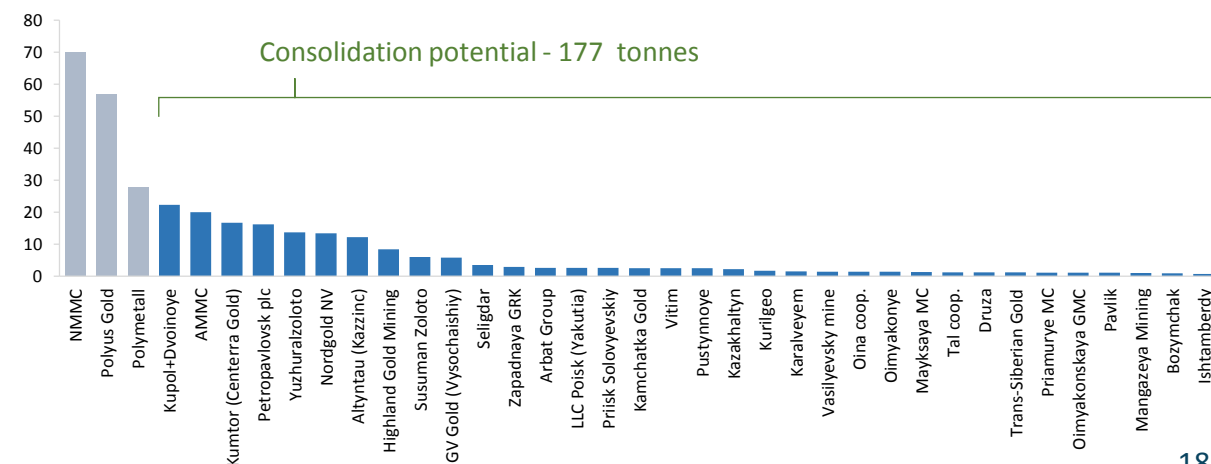
Ranking of gold producing countries by reserves (2015, tonnes)



Central Asia and FSU gold mine output (tonnes)



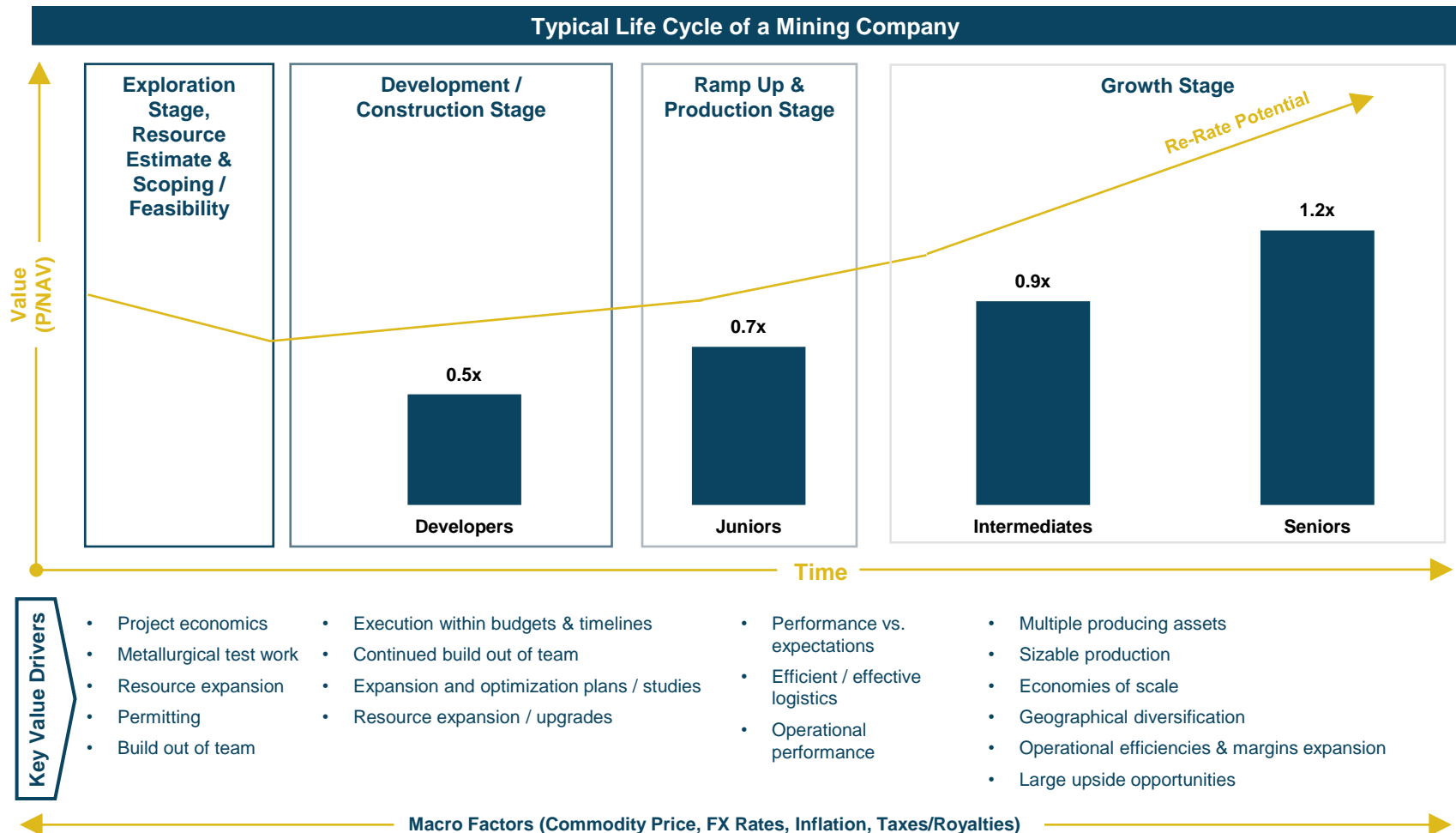
Central Asia and FSU gold miners (2015, tonnes of output)



M&A Pipeline

Pipeline	Location	2018 Gold Production (koz Au)	
Bolt-On Acquisitions			
Target 1	Russia Far East	40	Indicative Enterprise Value: US\$1,400 mm
Target 2	Russia North East	55	
Target 3	Caucasus	150	
Target 4	Caucasus	n.a.	
Target 5	Kazakhstan	50	
Target 6	Kazakhstan	30	
Transformational Acquisitions			
Target 1	Russia	475	Indicative Enterprise Value: US\$7,000 mm
Target 2	Russia	225	
Target 3	Central Asia	450	
Target 4	Russia	170	
Target 5	Russia	285	
			Total Indicative Enterprise Value: US\$8,400 mm

Execution of Strategy May Result in Substantial Value Uplift Through Multiple Expansion

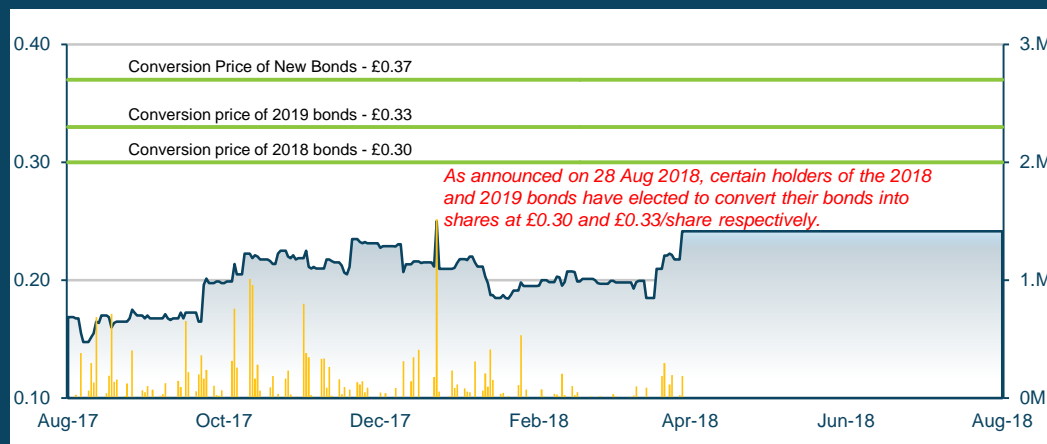


Investors may benefit from a significant re-rating in Chaarat's shares as it progresses through the development cycle

Appendices

Corporate Overview

Share Price Graph



AIM Ticker

CGH

Shares outstanding⁽¹⁾

395.6m

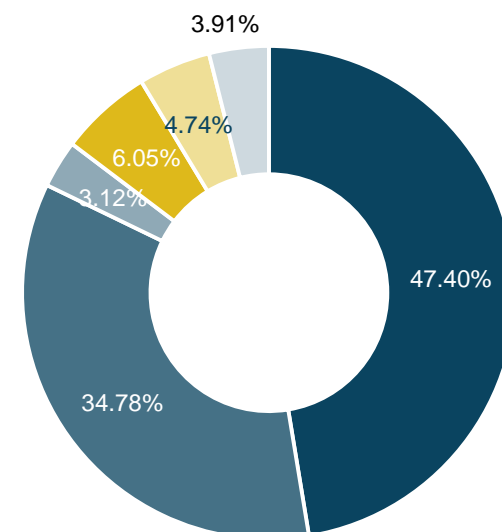
Market Cap @ 24p

US\$ 122.5m

Cash at 31 December 2017

US\$7.5m

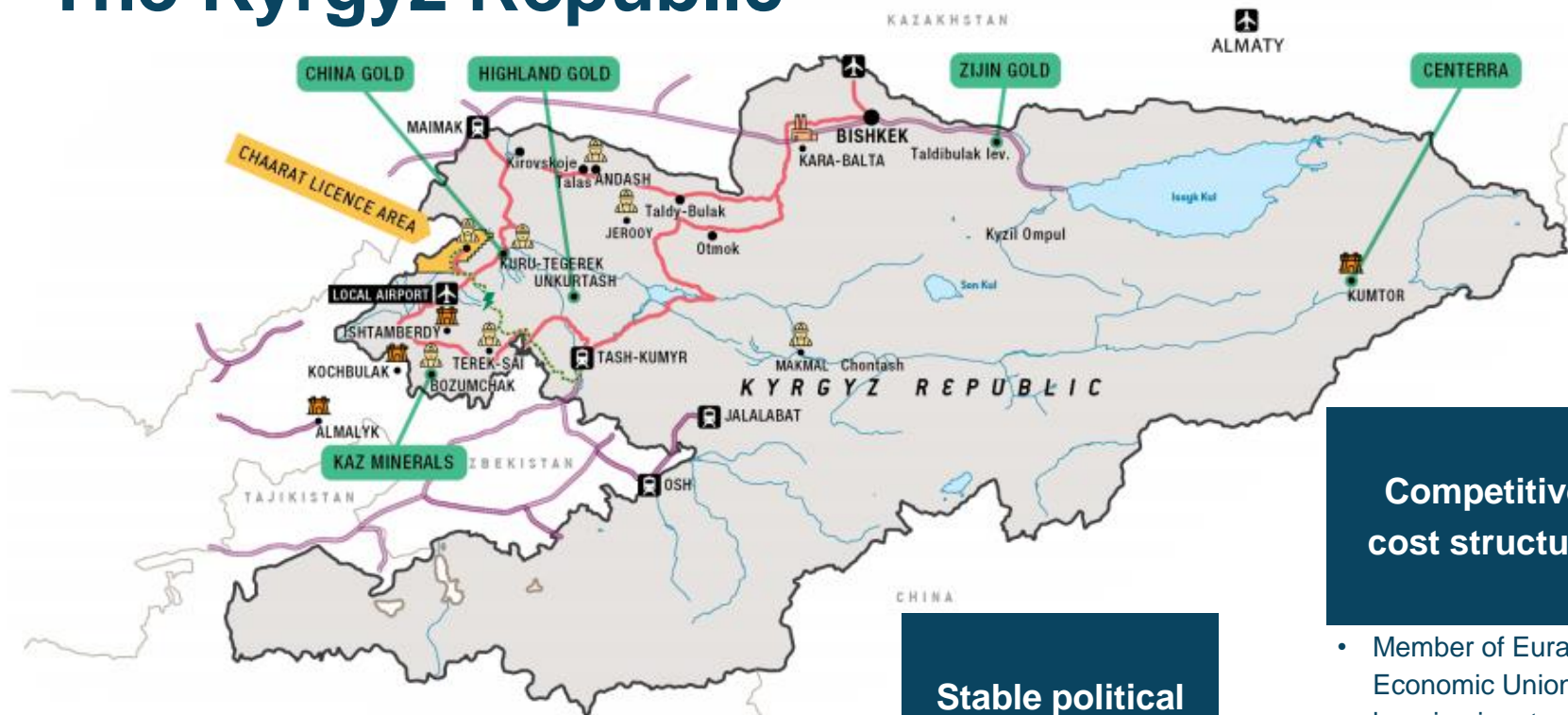
Major Shareholders



- Free Float
- Labro Investments (Chairman)
- Other directors
- China Nonferrous Metals Int'l Mining Co
- Sarastro Group Limited
- UBS Wealth Management

1. As per the Company's announcement on 28 August 2018

The Kyrgyz Republic



**Established
mining
jurisdiction -
c.10% of GDP**

**Stable political
environment**

- The only democracy in Central Asia
- Peaceful transition of power following 2017 presidential elections

**Competitive
cost structure**

- Member of Eurasian Economic Union keeping input costs low
- Part of China's Belt and Road Initiative – developing infrastructure across the region
- Average mining wages of US\$373/month
- Average diesel price of US\$0.54/l

Practising best international governance, social and environmental standards

Chaarat, with the EBRD, sponsors an annual conference in London promoting the benefits of doing business in the Kyrgyz Republic

Work with EBRD and others to promote responsible FDI in the Kyrgyz Republic

Ongoing support of local communities through:

- Infrastructure development
- Healthcare
- Education / skill building
- Job creation
- Community facilities
- Micro-finance

Regional Consultation Group established to facilitate communication and consultation with local communities



Kyrgyz Tax Regime

Transparent tax regime – all taxes based on revenue:

- 5% revenue royalty
- 2% revenue contribution for local infrastructure
- Revenue based tax dependent on gold price:
 - 1% of revenue up to US\$1,300oz
 - 3% of revenue US\$1,301-1,400oz
- Total taxation 8% of revenue up to US\$1,300oz gold price
- Total taxation 10% of revenue US\$1,301-1,400oz gold price
- Increases by a further 2% for every US\$100oz increase in the gold price up to US\$1,800oz; 1% from US\$1,801 to US\$2,501oz

No restrictions on repatriation of capital or payment of dividends

No state ownership requirement for mines

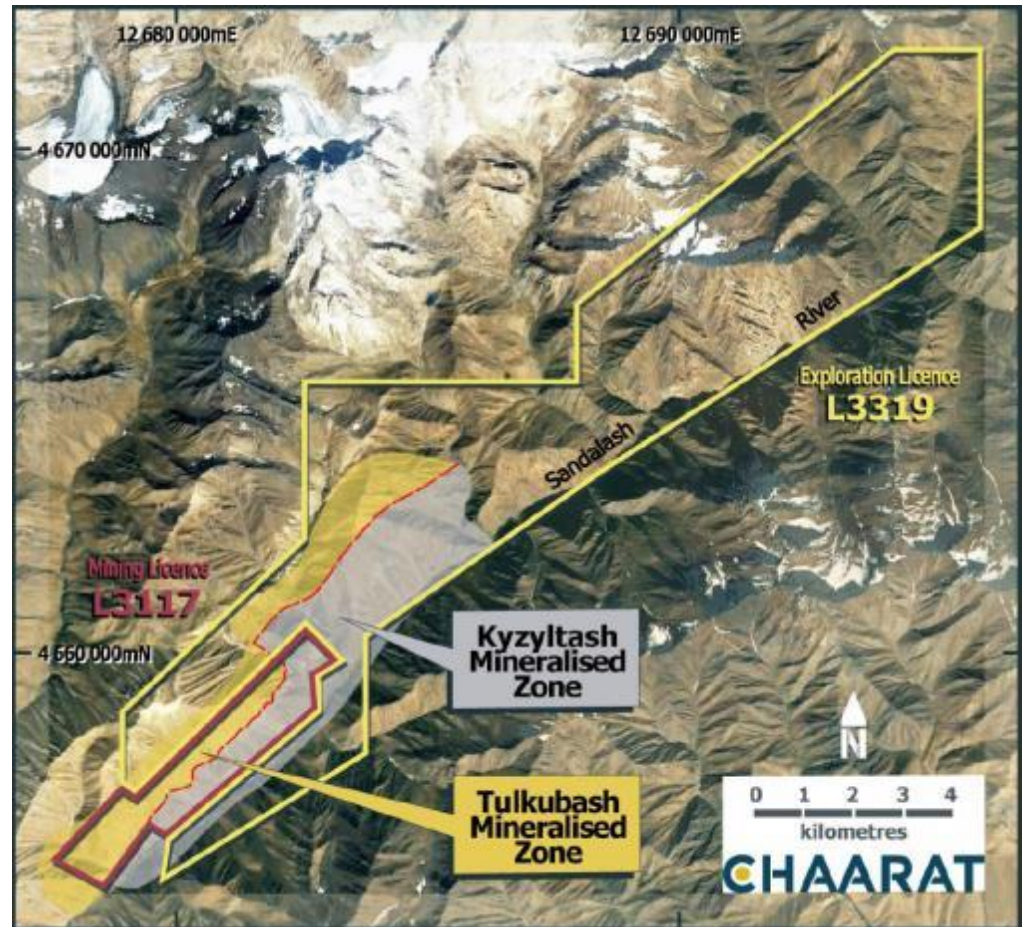
The Chaarat Project: Location – A Great Neighbourhood

- Located in the Tien Shan Gold Belt, Central Asia
- Belt contains numerous large scale deposits and operating mines including 175Moz Muruntau, the largest gold mine in the world
- China's Belt and Road Initiative expected to upgrade infrastructure in the region bringing significant advantages for long term development



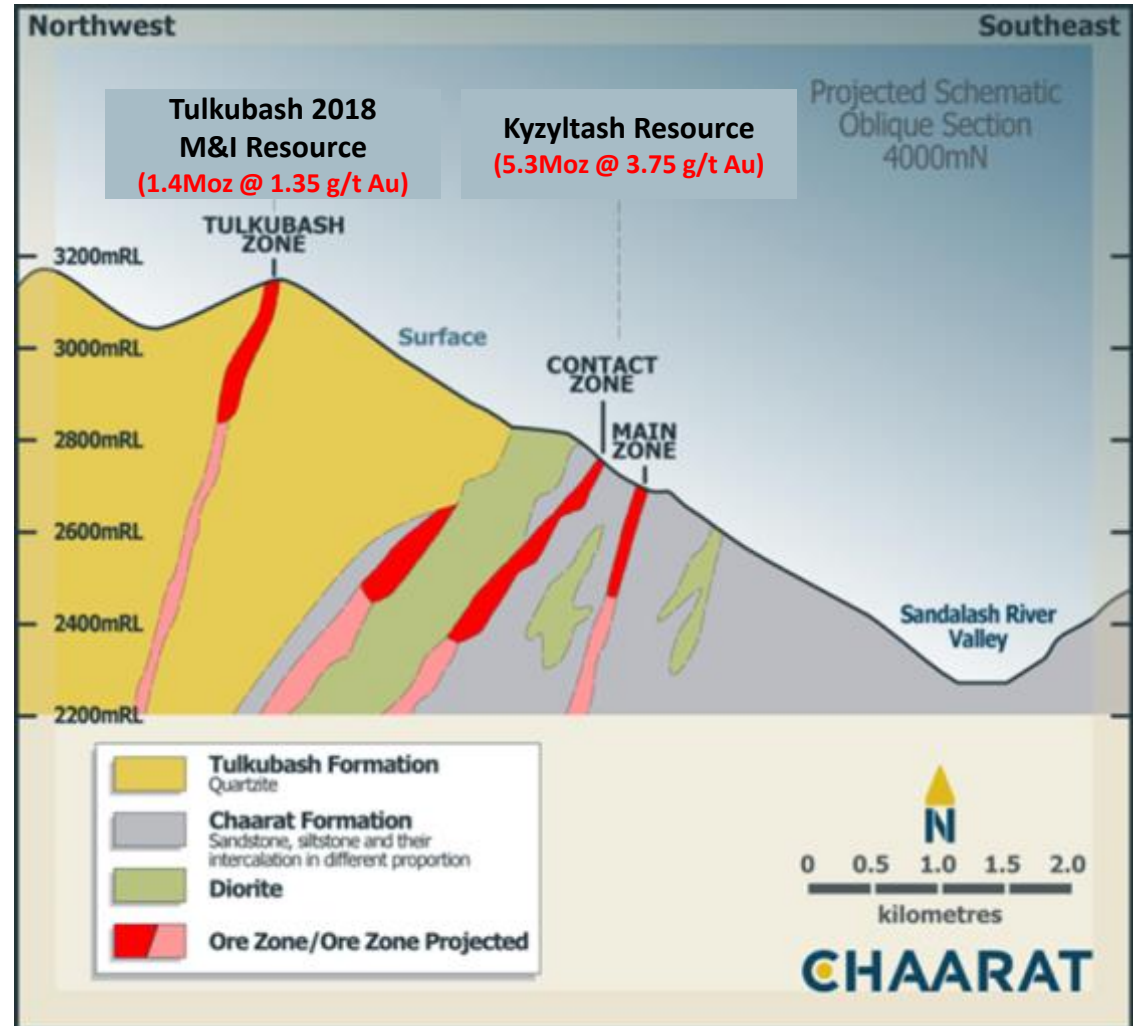
The Chaarat Project: An Emerging Gold District

- The Chaarat Project is located in an emerging gold district in the Kyrgyz Republic
- It has two ore bodies
 - Tulkubash - oxide zone: M&I resource of 1,414koz at 1.35g/t Au within a 3km trend
 - Kyzyltash - sulphide zone: 5,377koz at 3.75g/t Au within a 3km trend
- Resources fully permitted for development
 - 6km mining licence along strike of mineralised trend
 - Mining licence valid until June 2032
- Total licence area covers a 24km trend
 - Surface exploration covering c.10km of total trend contains numerous significant soil anomalies for follow up



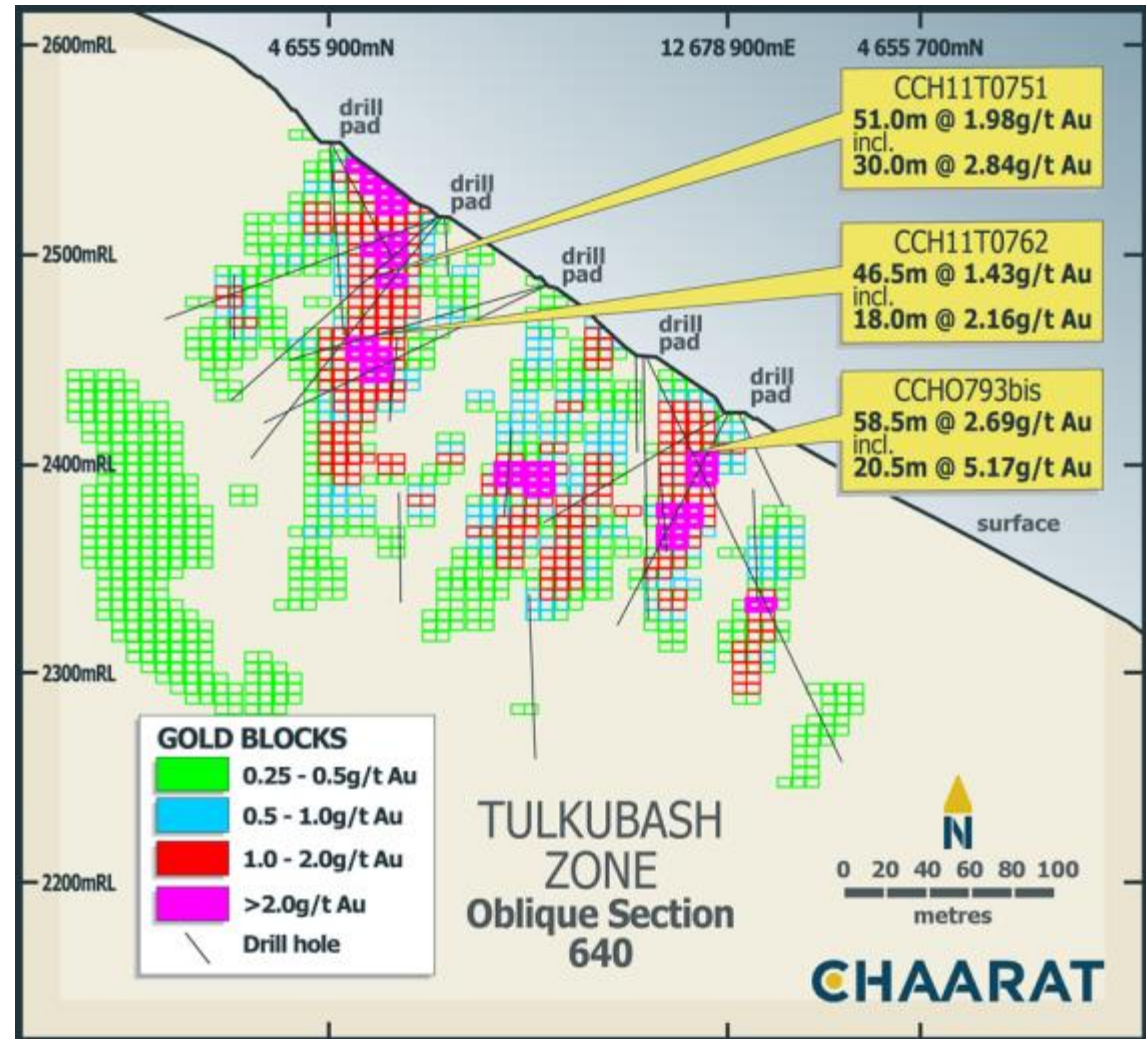
Schematic Geological Section

- Tulkubash is a distinct ore body parallel to the Kyzyltash mineralisation
- Tulkubash ore is generally oxidised
- Kyzyltash ore is refractory sulphide mineralisation
- Kyzyltash represents two distinct zones of mineralisation (Main Zone and Contact Zone)
- Structures are wide and steeply dipping lending to simple straight forward underground mining
- All zones have exploration potential along strike and down dip



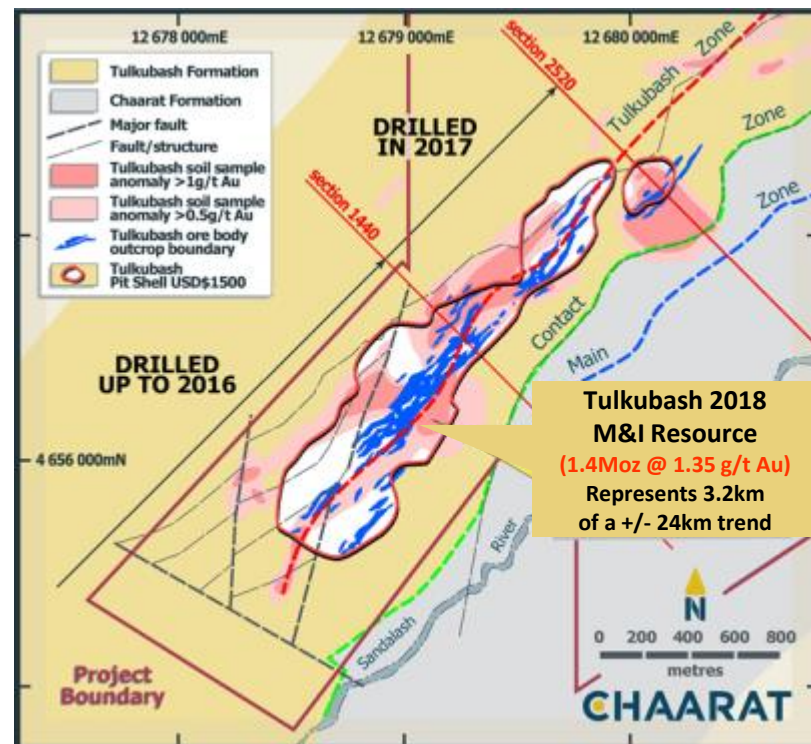
Tulkubash Section 640

- Tulkubash mineralisation occurs as steeply dipping ore shoots
- Location of mineralisation is controlled by structures intersecting favourable stratigraphy
- Gold mineralisation is continuous within shoots



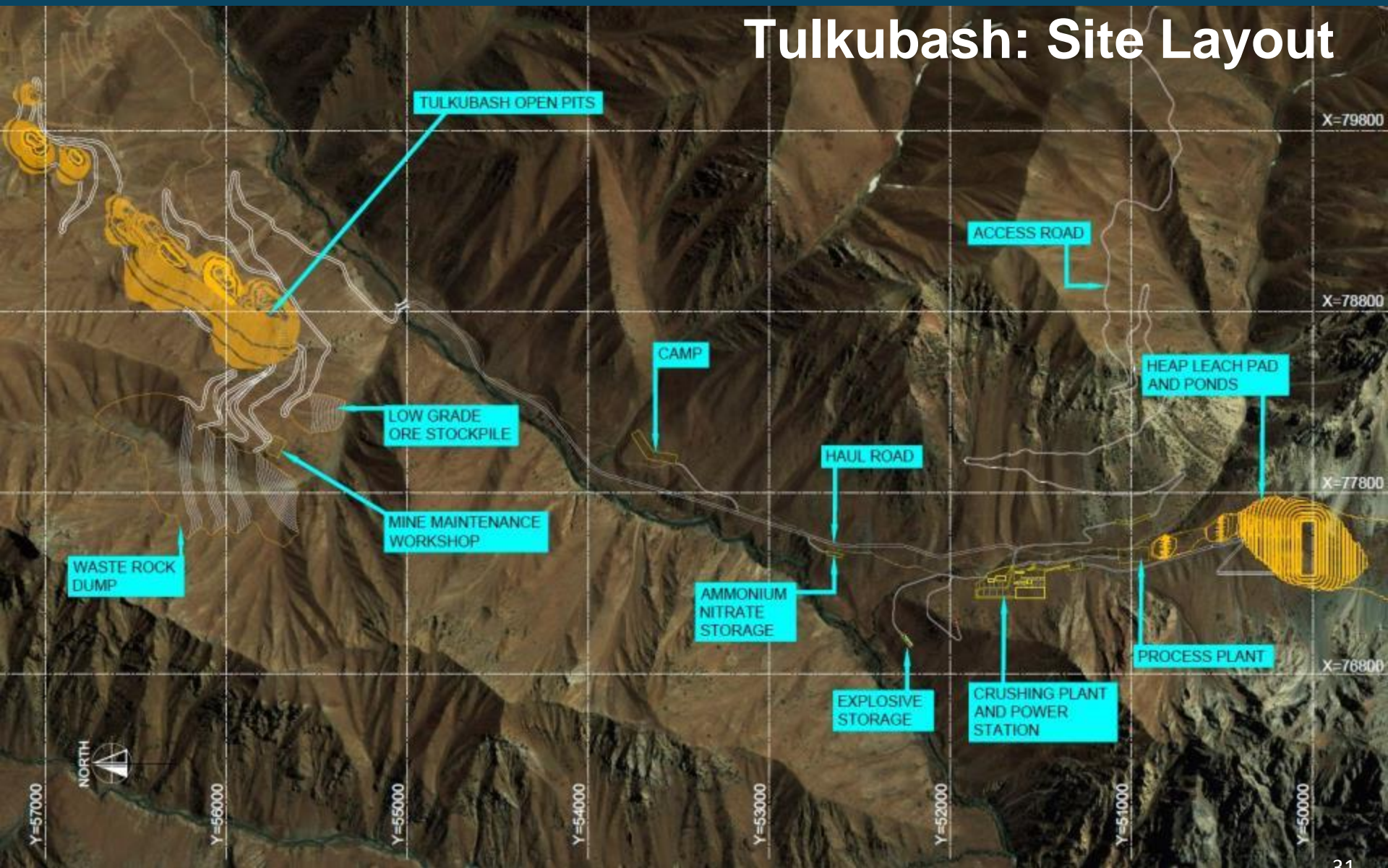
Tulkubash Exploration: 2018 drilling results

- As at the end of August 2018, 10,250m of the planned 30,000m drilling campaign has been completed, delivering the following significant results:
 - 46% increase in M&I resource to more than 1.4 moz
 - 57% increase in M&I grade to 1.35 g/t Au
 - 47% increase in strike length to 3.2 km



Mineral Resources as at 28-Aug-18	Tonnes (kt)	Grade (g/t Au)	Gold (koz Au)
Measured	4,644	1.44	214
Indicated	28,010	1.33	1,199
Total M&I	32,654	1.35	1,414
Inferred	4,600	0.62	91

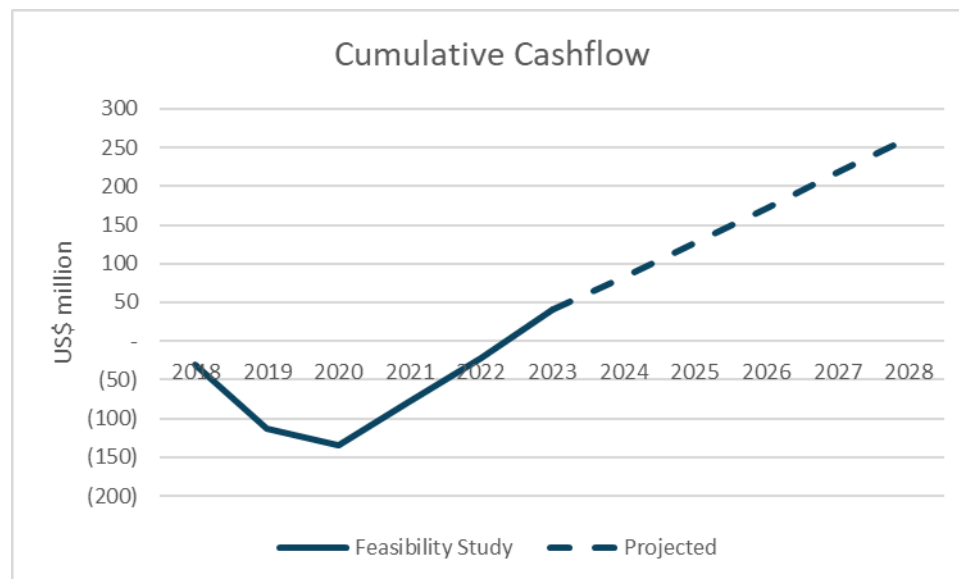
Tulkubash: Site Layout



Tulkubash: Feasibility Study Results

Key metrics

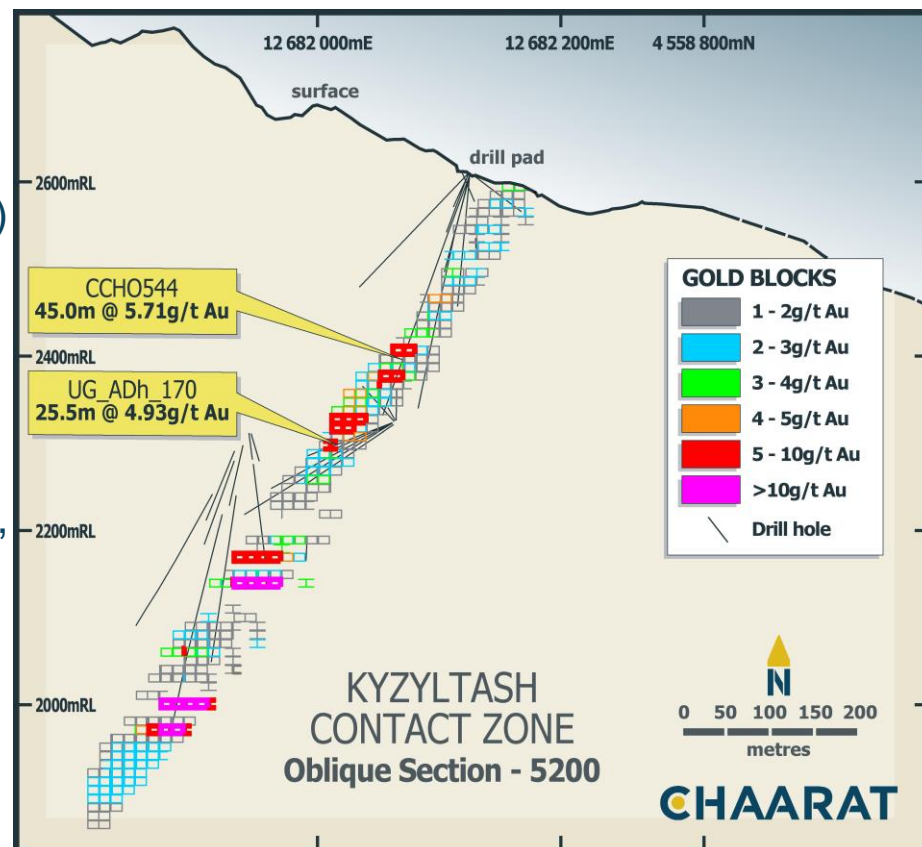
- Annual gold production: 95,200ozs
- Cash operating cost: US\$726/oz
- All-in sustaining cash cost: US\$831/oz
- Initial capital expenditure: US\$132m
- Pay back period: 3.2 years
- Recovery: 76.5%
- Post tax free cashflow of US\$58.6m per annum during steady state operation
- Expected to be maintained for many years through ongoing exploration success



Development Timetable	2018	2019	2020	2021+
Seasonal Exploration				
Detailed Engineering				
Finance Package				
Construction				
Production				

Kyzyltash: Large, Proven, High Grade Resource

- Kyzyltash development:
 - Nerin Feasibility (2016) indicated NPV (8%) \$615M, CapEx \$470M (Non-JORC)
 - May 2018 - further investigate and narrow processing alternatives (POX, BIOX, Albion®, etc.)
 - Detailed feasibility study - Commencing in 2018 (Complete by end of 2019/2020), including pilot plant scale testing on preferred processing method
 - Begin detailed engineering in 2020
 - Construct processing facility (2023/2024 start-up)
 - Recovering gold via pre-oxidation and direct cyanidation
 - Ore sourced from underground high grade and augmented by lower grade open pit



Existing 5.4Moz resource at 3.75g/t Au capable of supporting at least 7-8 year mine life at 200-300koz Au per annum annual production

Risk Factors

Investing in any convertible loan notes of the Company involves significant risks, and is suitable only for sophisticated investors who fully understand such risks and are capable of bearing any losses which may arise therefrom (which may be equal to the whole amount invested). The following are considered by the Company to be some of the risk factors which are specific to the Company and its subsidiary undertakings, affiliates or associated companies (together the “Group”) and its industry and which are material to taking investment decisions in relation to the shares of the Company and should be read in conjunction with the other information contained in this document. Such factors are not intended to be presented in any assumed order of priority. The list below does not purport to be an exhaustive list. Additional risks and uncertainties, which are currently unknown to the Company or which the Company does not currently consider to be material, may materially affect the business of the Group and could have material adverse effects on the Group’s business, results of operation and financial condition.

AN INVESTMENT IN THE COMPANY’S CONVERTIBLE LOAN NOTES IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. NO REPRESENTATION IS OR CAN BE MADE AS TO THE FUTURE PERFORMANCE OF THE GROUP AND THERE CAN BE NO ASSURANCE THAT IT WILL ACHIEVE ITS OBJECTIVES.

Risks relating to the Loan Notes

Repayment - The loan notes are redeemable within 36 months. While it is anticipated that the Company should be able to refinance the loan notes, in whole or in part, out of a project finance or other senior or mezzanine debt facility or other potential funding sources such as an equity raise or sale of assets, there is no guarantee that the Company will be able to redeem the loan notes in full, together with accrued interest, when due or at all.

Enforcement - The loan notes are secured by a share pledge. If the Company does not redeem the loan notes when due and the noteholders vote to enforce the share pledge, there is no guarantee that the proceeds of enforcement will be sufficient to redeem the loan notes in full, together with accrued interest, or at all. The share pledge may, in future, be subordinated to other financing facilities which would rank ahead of the share pledge on enforcement.

Conversion price - The loan notes are convertible into ordinary shares of the Company at a fixed price. There is no guarantee that the price of the Company’s ordinary shares will exceed that price prior to the redemption, or early redemption, of the loan notes.

Use of proceeds - While the Company anticipates that the proceeds from the loan note subscriptions should be sufficient for the intended uses of proceeds, there can be no guarantee that further funds will not be required to enable the Company to achieve its objectives, nor that such further funds will be obtained on suitable terms or at all.

Noteholder decisions - The decisions of noteholders under the loan notes require approval of holders of either a majority of the nominal amount of the loan notes. It is possible that the necessary majority may not be achieved when needed.

Transferability - Although the loan notes are transferable, there may be no liquid market for the notes.

Risks relating to the Company

Proposed acquisitions - the Group’s proposed acquisitions are subject to negotiation, execution, satisfaction of conditions precedent (including as to financing and shareholder and regulatory approvals) and completion. Accordingly, there can be no assurance that any acquisitions will be completed as intended or at all. In entering into documentation for proposed acquisitions, the Group will be relying on information and warranties (subject to limitations of liability) provided by the respective sellers and information contained therein includes information provided by, or derived from, the sellers or on their behalf or from their publicly available information. There can be no assurance that such information is true and accurate or not misleading or contains no omissions. If any claims against any sellers should arise, there can be no guarantee that such claims will be satisfied in full or at all.

Operational risks - the Group is subject to all the usual risks applicable to a company operating in the mining industry. These include, but are not limited to, the risks (or risks similar to) those described in the Company’s admission document dated 2 November 2007 (“**Admission Document**”) under the heading “Specific risk factors” at pages 27 to 32. In particular, there is no guarantee that the Group’s Projects will generate acceptable returns.

Local approvals - applications have been made to the relevant authorities in the Kyrgyz Republic and others for the formal allocation of the land required to construct the Tulkubash Heap Leach Project. There is no guarantee that these allocations will be completed. The process of seeking regulatory approval for the construction of the Tulkubash Heap Leach Project is also underway. There is no guarantee that these approvals will be received in accordance with the proposed project time table if at all.

Political risk - the Kyrgyz Republic has a relatively short history as an independent state and a democracy. Since 2010 both presidential and parliamentary elections have taken place as scheduled but this may not continue to be the case and political disagreements between parties may have unknown impacts on the country and businesses operating there.

General risks - the Company is subject to all the usual risks applicable to a company listed on AIM. These include, but are not limited to, the risks (or risks similar to) those described in the Admission Document under the heading “General risk factors” at pages 32 to 33.

A copy of the Admission Document may be accessed from this link

<https://www.chaarat.com/wp-content/uploads/2017/08/FinalAdmissionDoc2.11.07.pdf>

For the purposes of this document, references to risk factors in the Admission Document are deemed fully incorporated herein but are only intended to give potential investors in the loan notes an indication of the types of operational and general risk factors that investors should consider. It is the responsibility of all potential investors to satisfy themselves as regards any particular risks by consulting their own professional advisers.

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